

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5509-03
Bill No.: SCS for HB 1504 with SA 1, SA 2, SA 3, SA 4, SA 5 AA, SA 6
Subject: Aircraft and Airports; Kansas City; Libraries and Archives; Parks and Recreation;
St. Louis; St. Louis County; Taxation and Revenue - Sales and Use
Type: Original
Date: May 1, 2012

Bill Summary: This proposal allows Jackson County to create a parks, trails, and green ways district, counties in the Metropolitan Park and Recreation district and library districts in Pemiscot County to submit additional sales taxes to the voters, and extends provisions regarding sales tax on aviation fuel.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0	(More than \$100,000)	(More than \$100,000)
Total Estimated Net Effect on General Revenue Fund	\$0	(More than \$100,000)	(More than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Aviation Trust	\$0	More than \$100,000	More than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	More than \$100,000	More than \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	(More than \$100,000) to Unknown	(More than \$100,000) to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State, Department of Natural Resources, Office of Administration - Budget and Planning** and **Office of the State Treasurer** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **City of Kansas City** state that new revenue could be experienced by this legislation. The proposal provides for the district to approve a sales tax. The cities within the county in which the district exists share 40% of that money based on each city's proportionate share.

Officials from the **City of Columbia** assume the current proposal would not fiscally impact their city.

Oversight assumes these provisions would authorize the governing body of any county located within the metropolitan district as of January 1, 2012 to impose an incremental sales tax of up to three-sixteenths of one cent on all retail sales subject to taxation for the purpose of funding the operation and maintenance of the metropolitan park and recreation district.

The tax would have to be imposed by order or ordinance and would be subject to approval by the voters.

Oversight assumes this proposal is enabling legislation and would have no local fiscal impact without action by the governing body.

In response to a similar bill, HB 1431, officials from the **Department of Transportation (MODOT)** assumed the proposal would extend the sunset date for depositing sales tax revenues on aviation fuel into the Aviation Trust Fund from December 31, 2013 to December 31, 2023. By extending the sunset date, the proposal would continue critical funding for our aviation programs. There would be no fiscal impact to MODOT unless the extension was not granted and then it would jeopardize the funding for Aviation.

ASSUMPTIONS (continued)

Oversight has obtained from the Department of Revenue's annual reports the amounts of sales tax on aviation jet fuel collected by the Department of Revenue and deposited into the Aviation Trust Fund for the past five years as authorized by Section 144.805, RSMo. The current provision authorized the state portion (3 percent) collected on the sale of aviation jet fuel to be deposited in the Aviation Trust Fund up to a maximum of \$6 million per calendar year, and the cap on the program was increased to \$10 million as of January 1, 2009.

FY 2007	\$5,229,256
FY 2008	\$7,413,601
FY 2009	\$4,777,063
FY 2010	\$4,018,391
FY 2011	\$4,669,303

Oversight assumes this proposed legislation would extend an existing provision by removing or changing the expiration date. Oversight also assumes that removing or changing the expiration date would extend any fiscal impact associated with the existing provision. Therefore, Oversight will include an estimated impact in this fiscal note.

The current provision was set to expire on December 31, 2013 (FY 2014) and the proposal would have a fiscal impact for six months of FY 2014 and all of FY 2015. For fiscal note purposes, Oversight will indicate unknown additional revenue greater than \$100,000 for the Aviation Trust Fund for FY 2014 and FY 2015. Oversight will include an offsetting revenue reduction to the General Revenue Fund.

The proposal would also extend the current local sales and use tax exemption for aviation jet fuel. Accordingly, Oversight will indicate a revenue reduction greater than \$100,000 for local governments for FY 2014 and FY 2015.

In response to a previous version, officials from the **Department of Revenue (DOR)** assume the proposal allows districts to impose a sales tax with voter approval. DOR and Office of Administration - Information Technology Services Division (OA-ITSD) will need to make programming changes to various tax systems in order to comply with the proposal. OA-ITSD (DOR) assumes these changes will require 1,344 FTE hours, for an estimated cost of \$35,616.

ASSUMPTIONS (continued)

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Counties of Andrew, Barry, Bates, Boone, Buchanan, Butler, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Hickory, Holt, Jackson, Jasper, Jefferson, Johnson, Knox, Laclede, Lafayette, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Pemiscot, Perry, Phelps, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Taney, Texas, Warren, and Webster** did not respond to Oversight's request for fiscal impact.

Officials from the **Cities of Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Kennett, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Linn, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains** did not respond to Oversight's request for fiscal impact.

Amendment 1

Oversight assumes this amendment allows the governing body of any city that imposes a convention and tourism tax to pass an ordinance and seek voter approval to collect the tax from certain transient guests who are otherwise exempt.

Oversight also assumes this amendment is discretionary and would have no local fiscal impact without action by the governing body.

Amendment 2

Oversight assumes this amendment allows certain cities and counties to impose a tax as

ASSUMPTIONS (continued)

provided in section 67.1360.

Oversight assumes this amendment is discretionary and would have no local fiscal impact without action by the governing body.

Amendment 3

Officials from the **Department of Revenue (DOR)** state that additional programming costs will be required for this amendment to section 144.190.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Amendment 4

Oversight assumes this amendment would not have a direct fiscal impact on state or local governments.

Amendment 5

In response to a similar proposal, SB 912, officials from the **Office of the Secretary of State** and **Department of Revenue** each assumed the proposal would not fiscally impact their respective agencies.

Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.

Amendment 1 to Amendment 5

Oversight assumes this amendment would not change the fiscal impact to the original amendment.

ASSUMPTIONS (continued)

Amendment 6

In response to a similar proposal, SB 465, officials from the **Department of Economic Development - Missouri Arts Council** stated the proposal would not fiscally impact their agency.

Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment district as well as allows those districts to impose a sales tax. Oversight will assume a \$0 or unknown fiscal impact to local political subdivisions.

These taxes are subject to voter approval. Oversight will also assume the Department of Revenue, through administrative collection, may generally retain 1 percent of the potential sales tax revenue. Oversight assumes this will have a minimal fiscal impact and has not reflected this on the fiscal note. Oversight assumes, if the sales tax is passed, it would take effect in FY 2014.

Buchanan County did not respond to Oversight's request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>Revenue reduction</u> - sales taxes	<u>\$0</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
AVIATION TRUST FUND			
<u>Additional revenue</u> - sales taxes	<u>\$0</u>	<u>More than \$100,000</u>	<u>More than \$100,000</u>
ESTIMATED NET EFFECT ON AVIATION TRUST FUND	<u>\$0</u>	<u>More than \$100,000</u>	<u>More than \$100,000</u>

<u>FISCAL IMPACT - Local Government</u>	<u>FY 2013</u> <u>(10 Mo.)</u>	<u>FY 2014</u>	<u>FY 2015</u>
LOCAL GOVERNMENTS			
<u>Revenue reduction - sales taxes</u>	<u>\$0</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<u>Revenue - The proposal allows for a Theater, Cultural Arts, and Entertainment District in Buchanan County. A sales tax of up to one-half of one percent may be imposed.</u>	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0</u>	<u>(More than \$100,000) to Unknown</u>	<u>(More than \$100,000) to Unknown</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal allows Jackson County to create a parks, trails, and green ways district, counties in the Metropolitan Park and Recreation district and library districts in Pemiscot County to submit additional sales taxes to the voters, and extends provisions regarding sales tax on aviation fuel.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
 Department of Revenue
 Department of Economic Development
 Office of the Secretary of State
 Office of the State Treasurer
 Department of Transportation
 Attorney General's Office
 Office of Administration
 City of Columbia

LR:LR:OD

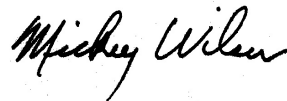
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SOURCES OF INFORMATION (continued)

City of Kansas City

NOT RESPONDING

Numerous Cities
Numerous Counties

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
May 1, 2012